

The University of Maine

DigitalCommons@UMaine

General University of Maine Publications

University of Maine Publications

2013

FY2013 Operating Budget and Student Charges

University Of Maine System

Follow this and additional works at: https://digitalcommons.library.umaine.edu/univ_publications



Part of the [Higher Education Commons](#), and the [History Commons](#)

This Report is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in General University of Maine Publications by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.



FY2013 OPERATING BUDGET & STUDENT CHARGES

FY13 BUDGET HIGHLIGHTS

❖ Balanced Budget

The FY13 budget for the University of Maine System is balanced despite a \$2.3 million decrease in State appropriation. However, the current operating model is not financially sustainable over time.

❖ No Tuition Increase for In-State Undergraduate Students

In-state undergraduate tuition and the mandatory unified fee are frozen at FY12 levels. This is the first time in a quarter century (FY1987) that there has been no tuition increase.

❖ Lowest Land-Grant Tuition & Mandatory Fees in New England

UMaine has the lowest in-state tuition and mandatory fees in New England and the second lowest out-of-state tuition and mandatory fees.

FY13 BUDGET DRIVERS

❖ Appropriation

FY13 budgets are based on a \$2.3 million reduction in unrestricted appropriation.

❖ Enrollment

Projected enrollment for UMS is 0.8% below the FY12 budget and 0.5% below FY12 actual.

❖ Student Charges

For in-state, undergraduate students, the UMS averages are as follows:

- ✓ 0.0% tuition increase
- ✓ 0.0% unified mandatory fee increase
- ✓ 0.4% total increase (tuition, mandatory fees, room, and board)

❖ Compensation and Benefits

FY13 benefit rate is 51.4% and assumes the charge to the Employee Health Plan Task Force to reduce the cost trend for the health plan to 5% or less in FY13 is met.

❖ Funding Depreciation

Depreciation is budgeted to exceed the target of 60% funding for E&G & 100% funding for Auxiliary in FY13; however, some campuses remain below the target.

CONTINUING BUDGET CHALLENGES

❖ Appropriation

State appropriation to the UMS has been declining as a percentage of the State budget and as a percentage of the UMS budget for the past twenty years. The State appropriation for FY13 is \$6.2 million below the FY08 level. While Maine's General Fund revenue will grow over the next few years, revenue is not currently projected to return to the FY08 level until FY15.

❖ Enrollment

Maine's 15 to 24 year old population will decline 19.5% between 2010 and 2020. Maintaining current enrollments will be challenging and will require our universities to work differently in order to retain and attract more students, including adults and the nearly 50% of high school graduates who currently do not enroll in college.

❖ Student Charges

The UMS' ability to raise revenue will continue to be restrained by what Maine people can afford. Maine's projected 2013 per capita personal income is \$40,286. Absent the application of financial aid, the weighted average of tuition and fees as a percentage of Maine per capita personal income is 22%.

❖ Compensation and Benefits

Compensation and benefits constitute 73% of our E&G operating budget and represent the single largest cost driver in the budget. This represents an increase of 1% over FY12. Particularly challenging is that benefit costs have been increasing at a rate that exceeds the growth in revenue sources.

CONTINUING BUDGET CHALLENGES

❖ Reserves

The UMS has a little less than 4 ½ months worth of operating expense held in reserve. The benchmark for public institutions of higher education is 5 months. This ratio also varies by campus, leaving some of our institutions extremely vulnerable when State appropriation is reduced or enrollment declines occur.

❖ Aging Infrastructure

The UMS owns more than 650 buildings providing just over 9 million square feet of space located across the State. Sixty-nine percent of System space is over 25 years of age, a time when critical building needs come due and investment is needed. The age of facilities, limited capital renewal funding, code changes, and functional obsolescence have resulted in a critical deferred maintenance estimate of \$350 to 400 million and a total asset reinvestment backlog of \$680 to 720 million.

❖ Tuition Freeze Mitigation

To mitigate the impact of the tuition freeze in FY13, the System distributed \$1 million from UMS reserves and \$2.1 million of appropriation that had been designated for strategic purposes. In addition, contributions to the Strategic Investment Fund were reduced and depreciation funding for E&G was held constant at 60%. The mitigation plan is intended to allow our universities to plan for absorbing the impact of the tuition freeze in the FY14 budget.

STATE APPROPRIATION

(in millions)

	FY10	FY11	FY12	FY13
General Fund Appropriation (excluding MEIF)				
Original Request for Appropriation	194.5	203.2	186.0	193.4
Governor's Proposed Budget	181.0	181.0	181.9	181.9
Biennial Budget as Passed by the Legislature	178.9	178.9	181.9	181.9
Supplemental Budget Adjustments by the Legislature	172.9	-	181.0	179.5 *
Maine Economic Improvement Fund (MEIF)	14.7	14.7	14.7	14.7
Total General Fund Appropriation	187.6	193.6	195.7	194.2

**Includes \$0.8 million in restricted appropriation for the UMaine Memorial Gym Debt Service.*

FY13 OPERATING BUDGET

	(000's)					
	FY11		FY12		FY13 PROPOSED	
	ACTUAL		BUDGET		BUDGET	
<u>Revenues</u>						
Tuition & Fees	\$262,160	49%	\$264,478	50%	\$265,764	51%
Dining & Residence	59,499	11%	60,637	12%	59,431	11%
Less: Waivers/Scholarships	(45,435)	(8%)	(47,340)	(9%)	(50,406)	(10%)
Net Student Charges Revenue	\$276,224	52%	\$277,775	53%	\$274,789	52%
State Appropriation (excludes MEIF)	178,960	33%	181,031	34%	178,695	34%
Indirect Cost Recovery	17,520	3%	13,102	3%	13,514	3%
Investment Income/Gifts	12,148	2%	3,443	1%	3,736	1%
Sales/Services/Auxiliary	55,226	10%	49,733	9%	50,129	10%
Total Net Revenues	\$540,078	100%	\$525,084	100%	\$520,863	100%
<u>Expenses</u>						
Compensation & Benefits	\$327,540	64%	\$343,396	64%	\$349,162	66%
Fuel & Electricity	19,582	4%	24,273	5%	22,548	4%
Interest Expense	9,131	2%	8,183	2%	7,665	2%
Depreciation	28,528	5%	29,028	5%	28,257	5%
Other Expenses/Matches/Transfers	128,340	25%	128,282	24%	121,136	23%
Total Expenses	\$513,121	100%	\$533,162	100%	\$528,768	100%
Operating Increase/(Decrease)	\$26,957		(\$8,078) *		(\$7,905) *	
<u>Cash Flow</u>						
Net Increase (Decrease)	\$26,957		(\$8,078)		(\$7,905)	
Plus Depreciation	28,161		28,591		27,819	
Less: Capital Expenditures	(27,442)		(10,699)		(11,336)	
Debt Service Principal	(8,608)		(9,068)		(9,208)	
Net Change in Cash	\$19,068		\$746		(\$630)	
One-Time Tuition Mitigation Reserve Funds	-		-		1,011	
State Fiscal Stabilization funds	6,541		-		-	
ADJUSTED NET CHANGE	\$25,609		\$746		\$381	

*Budgeted revenues insufficient to offset all expenses including depreciation

FY13 OPERATING BUDGETS BY FUND

	(000's)					
	E&G		AUXILIARY		TOTAL	
<u>Revenues</u>						
Tuition & Fees	\$264,199	61%	\$1,565	2%	\$265,764	51%
Dining & Residence	-	-	59,431	70%	59,431	11%
Less: Waivers/Scholarships	(48,586)	(11%)	(1,820)	(2%)	(50,406)	(10%)
Net Student Charges Revenue	\$215,613	50%	\$59,176	70%	\$274,789	52%
State Appropriation (excludes MEIF)	178,695	41%	-	-	178,695	34%
Indirect Cost Recovery	13,514	3%	-	-	13,514	3%
Investment Income/Gifts	3,736	1%	-	-	3,736	1%
Sales/Services/Auxiliary	24,461	5%	25,668	30%	50,129	10%
Total Net Revenues	\$436,019	100%	\$84,844	100%	\$520,863	100%
<u>Expenses</u>						
Compensation & Benefits	\$327,208	73%	\$21,954	27%	\$349,162	66%
Fuel & Electricity	16,097	4%	6,451	8%	22,548	4%
Interest Expense	2,647	1%	5,018	6%	7,665	2%
Depreciation	23,217	5%	5,040	6%	28,257	5%
Other Expenses/Matches/Transfers	76,891	17%	44,245	53%	121,136	23%
Total Expenses	\$446,060	100%	\$82,708	100%	\$528,768	100%
Operating Increase/(Decrease)	(\$10,041) *		\$2,136		(\$7,905) *	
<u>Cash Flow</u>						
Net Increase (Decrease)	(\$10,041)		\$2,136		(\$7,905)	
Plus Depreciation	22,779		5,040		27,819	
Less: Capital Expenditures	(8,405)		(2,931)		(11,336)	
Debt Service Principal	(5,025)		(4,183)		(9,208)	
Net Change in Cash	(\$692)		\$62		(\$630)	
One-Time Tuition Mitigation Reserve Funds	1,011		-		1,011	
ADJUSTED NET CHANGE	\$319		\$62		\$381	

*Budgeted revenues insufficient to offset all expenses including depreciation

FY13 OPERATING BUDGETS BY CAMPUS

	(000's)								
	UM	UMA	UMF	UMFK	UMM	UMPI	USM	SWS	TOTAL
Revenues									
Tuition & Fees	\$119,129	\$24,255	\$21,428	\$6,858	\$5,881	\$8,001	\$80,212	\$0	\$265,764
Dining & Residence	33,820	-	9,011	1,415	2,063	2,089	11,033	-	59,431
Less: Waivers/Scholarships	(32,268)	(2,489)	(2,760)	(1,005)	(1,865)	(1,250)	(8,729)	(40)	(50,406)
Net Student Charges Revenue	\$120,681	\$21,766	\$27,679	\$7,268	\$6,079	\$8,840	\$82,516	(\$40)	\$274,789
State Appropriation	82,311	14,109	10,307	4,320	4,286	6,353	41,351	15,658	178,695
Other Income	43,692	2,275	1,926	316	509	786	14,234	3,641	67,379
Total Net Revenues	\$246,684	\$38,150	\$39,912	\$11,904	\$10,874	\$15,979	\$138,101	\$19,259	\$520,863
Expenses									
Compensation & Benefits	\$149,841	\$28,712	\$26,460	\$8,749	\$7,014	\$11,199	\$102,942	\$14,245	\$349,162
Fuel & Electricity	12,415	1,077	2,585	692	787	1,209	3,721	62	22,548
Interest Exp	3,889	76	354	282	133	76	2,705	150	7,665
Depreciation	13,746	1,306	1,677	547	550	756	6,214	3,461	28,257
Other Exp/Matches/Transfers	70,212	7,486	8,432	1,942	2,730	3,277	24,507	2,550	121,136
Total Expenses	\$250,103	\$38,657	\$39,508	\$12,212	\$11,214	\$16,517	\$140,089	\$20,468	\$528,768
Operating Increase/(Decrease*)	(\$3,419)	(\$507)	\$404	(\$308)	(\$340)	(\$538)	(\$1,988)	(\$1,209)	(\$7,905)
Cash Flow									
Net Increase (Decrease)	(\$3,419)	(\$507)	\$404	(\$308)	(\$340)	(\$538)	(\$1,988)	(\$1,209)	(\$7,905)
Plus Depreciation	13,746	1,306	1,677	547	550	756	6,214	3,023	27,819
Less Capital Expenditures	(5,787)	(637)	(1,772)	0	(57)	(136)	(1,773)	(1,174)	(11,336)
Debt Service Principal	(4,708)	(278)	(369)	(294)	(178)	(54)	(2,687)	(640)	(9,208)
Net Change in Cash	(\$168)	(\$116)	(\$60)	(\$55)	(\$25)	\$28	(\$234)	\$0	(\$630)
One-Time Mitigation	168	300	101	56	25	44	317	0	1,011
Adjusted Net Change	\$0	\$184	\$41	\$1	\$0	\$72	\$83	\$0	\$381

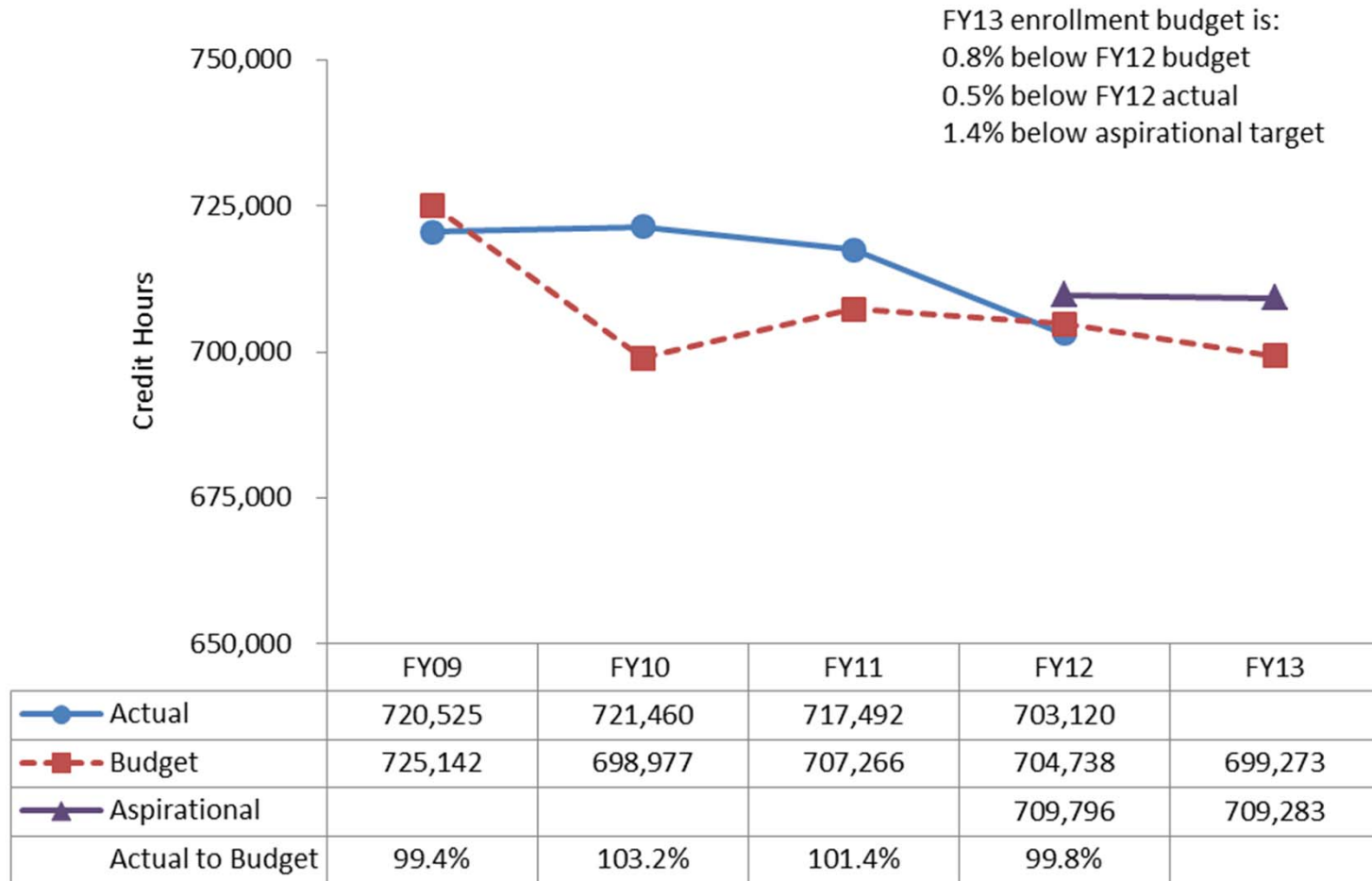
*Budgeted revenues insufficient to offset all expenses including depreciation except at UMF

FY13 OPERATING BUDGETS BY CAMPUS BY FUND

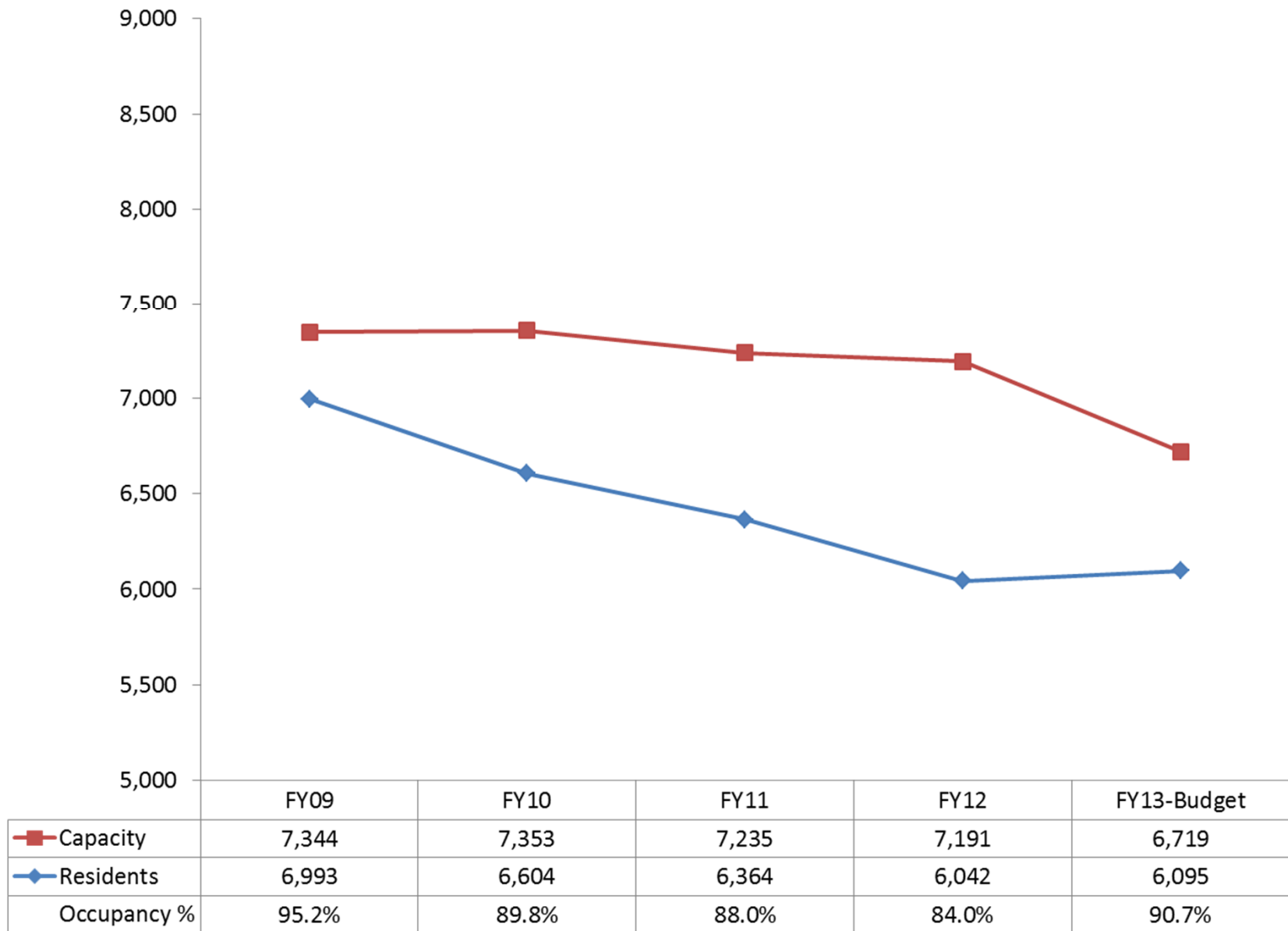
(000's)

<u>E&G</u>	<u>UM</u>	<u>UMA</u>	<u>UMF</u>	<u>UMFK</u>	<u>UMM</u>	<u>UMPI</u>	<u>USM</u>	<u>SWS</u>	<u>TOTAL</u>
Revenue	\$197,564	\$36,334	\$29,887	\$10,374	\$8,759	\$13,426	\$120,416	\$19,259	\$436,019
Less Expenditures	197,732	36,451	29,988	10,231	8,847	13,470	120,733	19,259	436,711
Subtotal	(\$168)	(\$117)	(\$101)	\$143	(\$88)	(\$44)	(\$317)	\$0	(\$692)
Mitigation	168	300	101	56	25	44	317	0	1,011
Increase(Decrease)	\$0	\$183	\$0	\$199	(\$63)	\$0	\$0	\$0	\$319
<u>AUXILIARY</u>									
Revenue	\$49,120	\$1,816	\$10,025	\$1,530	\$2,115	\$2,553	\$17,685	\$0	\$84,844
Less Expenditures	49,120	1,815	9,984	1,728	2,052	2,481	17,602	0	84,782
Increase(Decrease)	\$0	\$1	\$41	(\$198)	\$63	\$72	\$83	\$0	\$62
<u>TOTAL</u>									
Revenue	\$246,684	\$38,150	\$39,912	\$11,904	\$10,874	\$15,979	\$138,101	\$19,259	\$520,863
Less Expenditures	246,852	38,266	39,972	11,959	10,899	15,951	138,335	19,259	521,493
Subtotal	(\$168)	(\$116)	(\$60)	(\$55)	(\$25)	\$28	(\$234)	\$0	(\$630)
Mitigation	168	300	101	56	25	44	317	0	1,011
Increase(Decrease)	\$0	\$184	\$41	\$1	\$0	\$72	\$83	\$0	\$381

UMS ENROLLMENTS



UMS RESIDENCE HALL OCCUPANCY



WORKFORCE MANAGEMENT

FY13 FTE Budgeted Position Changes

(E&G, Designated, and Auxiliary only)

	Reductions	Additions	Net
UM	21.56	2.33	(19.23)
UMA	9.40	6.00	(3.40)
UMF	4.00	3.43	(0.57)
UMFK	1.00	3.00	2.00
UMM	5.50	2.50	(3.00)
UMPI	1.00	0.00	(1.00)
USM	32.60	8.00	(24.60)
SWS	12.00	10.92	(1.08)
TOTAL	87.06	36.18	(50.88)

SWS BUDGET HIGHLIGHTS

Financial

- The FY13 System-wide Services budget for operations is flat.*
- \$500,000 in temporary investment income is budgeted in FY13 to support the system-wide information technology infrastructure.

Strategic

- Budget Stabilization Fund equals \$10 million. This fund, created from excess temporary investment income, is intended to stabilize university budgets in future economic downturns.
- Chief Information Security Office (CISO) established to oversee the protection of UMS information assets.
- New positions in the CISO and Shared Services Processing Center offset by the elimination of 6 FTE positions for a net reduction of 1 FTE position.

Challenges

- Compensation expectations and real benefit increases during a period of declining appropriation.
- Increased budget for capital investments to meet depreciation funding target.
- Uncertainty of market conditions and future State appropriations.

** Excludes depreciation, Strategic Investment Fund and the increased investment of \$500,000 of temporary investment income to support the system-wide technology infrastructure.*

SWS UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
<u>Revenues</u>					
Tuition & Fees	-	-	-		
Dining & Residence	-	-	-		
Less: Waivers/Scholarships	(\$36)	(\$40)	(\$40)	11.1%	-
Net Student Charges Revenue	(\$36)	(\$40)	(\$40)	11.1%	-
State Appropriation	15,808	19,521 *	15,658 *	(0.9%)	(19.8%)
Other Income	11,585 **	3,088	3,641 **	(68.6%)	17.9%
Total Net Revenues	\$27,357	\$22,569	\$19,259	(29.6%)	(14.7%)
<u>Expenses</u>					
Compensation & Benefits	\$13,064	\$14,174	\$14,245	9.0%	0.5%
Fuel & Electricity	70	65	62	(11.4%)	(4.6%)
Interest Expense	302	189	150	(50.3%)	(20.6%)
Depreciation	3,440	2,871	3,461	0.6%	20.6%
Other Expenses/Matches/Transfers	3,431	6,269	2,550 *	(25.7%)	(59.3%)
Total Expenses	\$20,307	\$23,568	\$20,468	0.8%	(13.2%)
Net Increase (Decrease)	\$7,050	(\$999)	(\$1,209)		
<u>Cash Flow</u>					
Net Increase (Decrease)	\$7,050	(\$999)	(\$1,209)		
Plus Depreciation	3,073	2,434	3,023	(1.6%)	24.2%
Less Capital Expenditures	(823)	(650)	(1,174)	42.6%	80.6%
Debt Service Principal	(670)	(785)	(640)	(4.5%)	(18.5%)
Net Change in Cash	\$8,630	\$0	\$0		
One-Time Tuition Mitigation Reserve Funds	-	-	-		
State Fiscal Stabilization Funds	-	-	-		
Employee Pooled Benefits	3,389	-	-		
ADJUSTED NET CHANGE	\$12,019	\$0	\$0		

* FY12 includes \$2.1 million in appropriation designated for strategic purposes to be distributed in FY13 and \$3.7 million in Strategic Investment Funds that were transferred to fund recipients; FY13 includes \$1.9 million in Strategic Investment Funds that will be transferred to fund recipients.

** FY11 includes Temporary Investment Income that significantly exceeded budget; FY13 includes an additional \$0.5 million in budgeted Temporary Investment Income for information technology infrastructure investments.

UMaine BUDGET HIGHLIGHTS

Financial

- FY13 budgeted enrollment is 2.5% less than the FY12 budgeted enrollment and 1.6% less than the FY12 actual.
- In-State undergraduate and graduate tuition increase = 0%; Out-of-State undergraduate and graduate tuition increase = 4.7%; Unified Mandatory fee increase = 0%; and the Recreation Center Fee (auxiliary) increase = 2.6%.
- Room and board increase is 2.3% for FY13, maintaining quality housing and dining options for on-campus students while decreasing costs of overall operations.
- UMaine is committed to student affordability and access by limiting the increases in tuition and fees and increasing financial aid.
- In FY13, the total cost increase for undergraduate in-state students including tuition, mandatory fees, and room and board is 1.1%; for undergraduate out-of-state student, the total cost increase is 3.8%.
- The UMaine E&G base budget required a total of \$9.8M in increased revenues and cost reductions to ensure a balanced FY13 budget.
- Of this \$9.8M, 22% (or \$2.2M) was mitigated by System one-time resources and 78% (or \$7.6M) was reallocated from existing programs, services, and expenditure areas requiring position adjustments/reductions and other cost reductions to ensure a balanced FY13 base E&G budget.
- Every effort was made to mitigate the impact on Academic Affairs, including use of \$800,000 of base funded depreciation to reduce the impact on this area to \$1.8M.
- Overall, the FY13 annual operating expense budget (E&G, Auxiliaries, and Designated) is 0.1% below the FY12 budget. For FY13 the E&G portion of the budget equals \$199M.

UMaine BUDGET HIGHLIGHTS

Financial (continued)

- **FY13 base budget provides for increases in:**
 - Funds for compensation and benefits;
 - Tuition waivers and scholarships (need and merit based) of 4.2% to increase student affordability;
 - Enhanced student services and attractive and functional on-campus student housing and dining programs to retain students on campus;
 - Areas requiring additional funding including enrollment management initiatives, graduate student stipend increases, library acquisitions, support for System automation processing and information security, and other programmatic needs.
- **The FY13 E&G budget decreases expenditures by:**
 - Adjusting for a decline in student enrollment in FY12 and FY13;
 - Providing a net reduction of 18.77 FTE;
 - Reducing positions to account for approximately \$2M in on-going savings or 25% of the campus \$7.6M required to balance the budget;
 - Reducing operations and goods & services to balance the budget.
- **The FY13 E&G budget enhances many areas by:**
 - Providing funds for strategic enrollment planning;
 - Mitigating reallocations in Academic Affairs;
 - Contributing to Advancement and Development for building alternative revenue;
 - Working to maintain affordability for all students;
 - Increasing financial aid support for both needy and meritorious students;
 - Supporting utility increases for facility expansion.

UMaine BUDGET HIGHLIGHTS

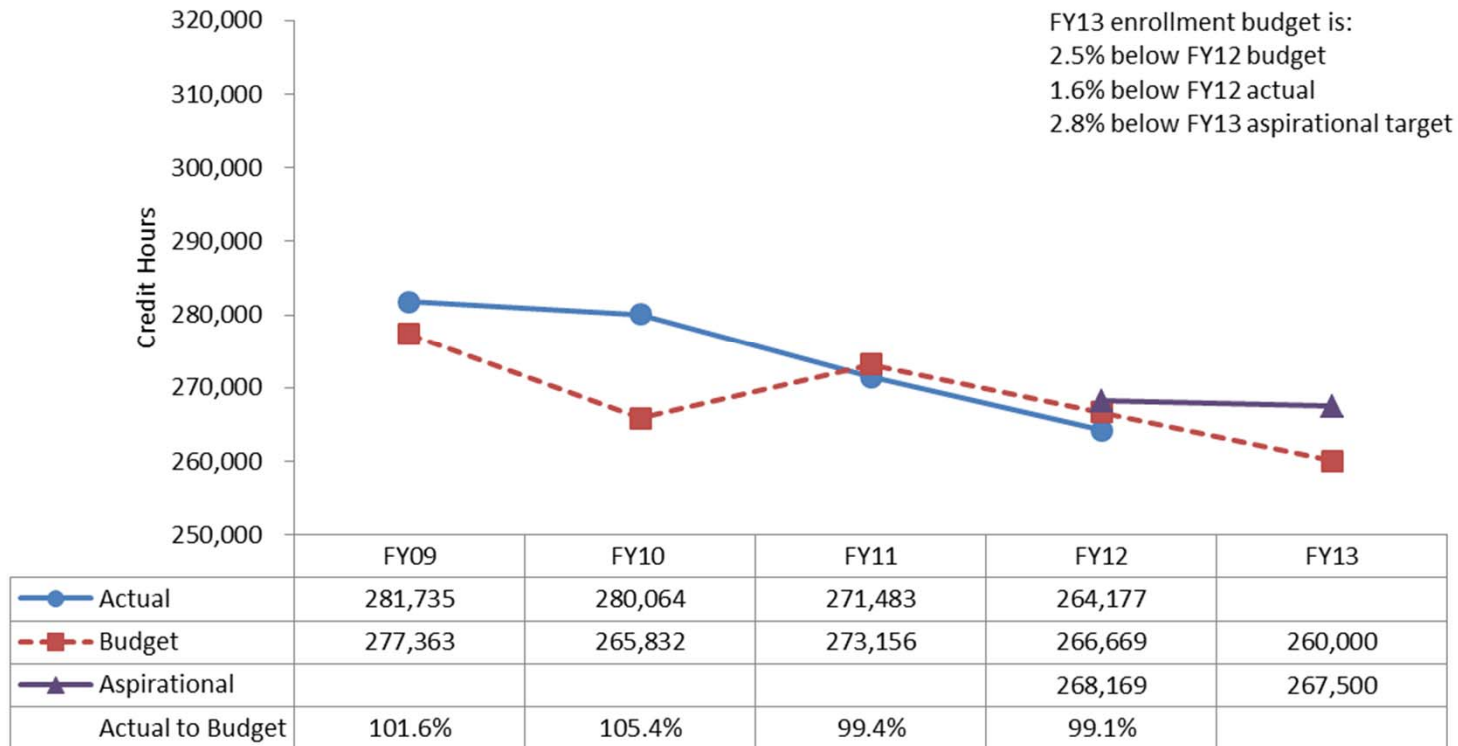
Strategic

- Directs University resources to the enrollment management plan including strategic financial aid, development, and targeted areas.
- Maintains a balanced budget for FY13 through prudent stewardship.

Challenges

- Maintain affordability with declining State resources, declining demographics, and competition within the higher education arena.
- Maintain high quality academic programs with high quality faculty.

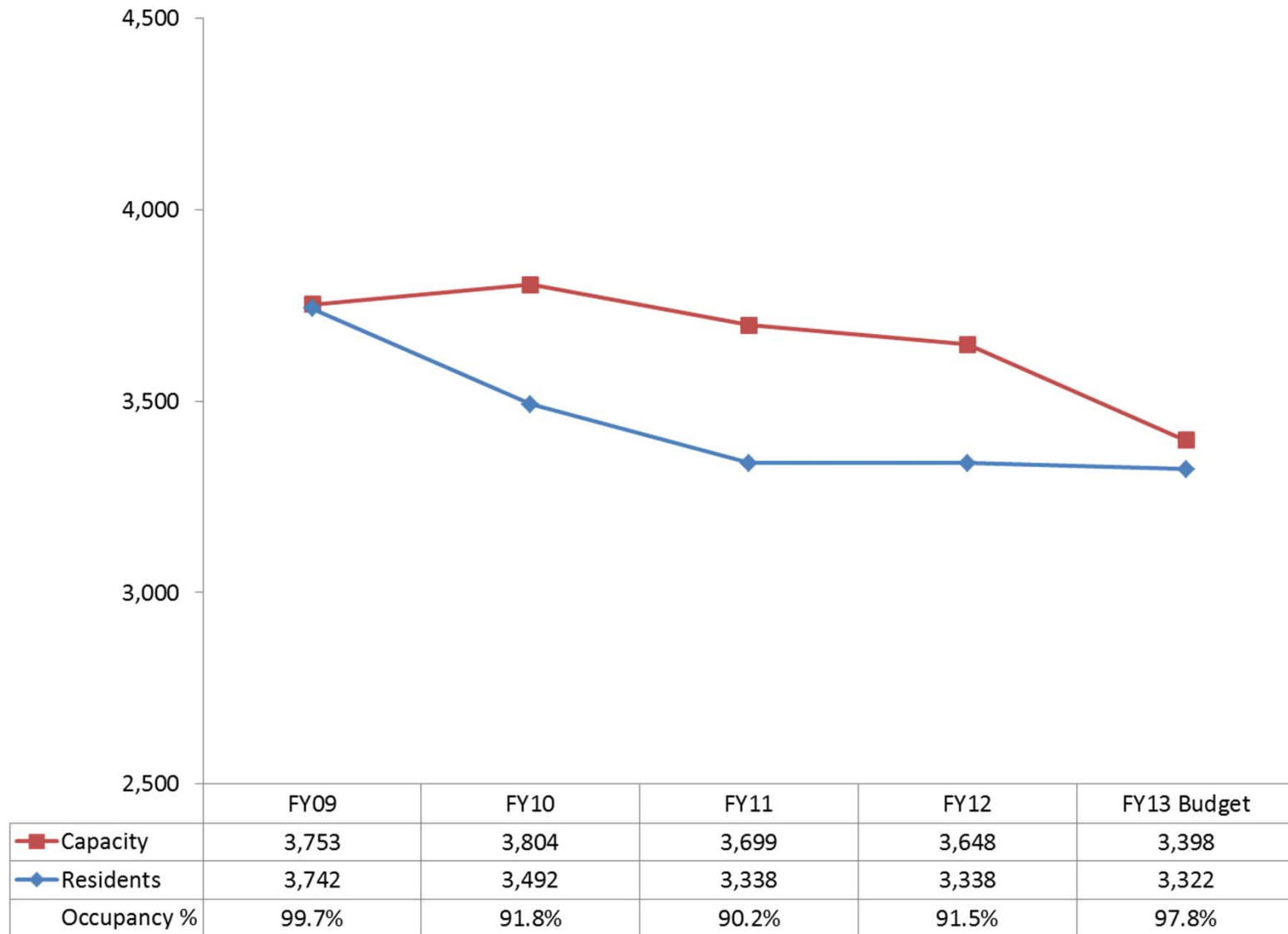
UMaine ENROLLMENTS



FY12 Budget	FY12 Aspirational Target	FY12 Actual	Actual vs. Budget	Actual vs. Aspirational
266,669	268,169	264,177	(2,492)	(3,992)

FY13 Budget	Original FY13 Aspirational Target	Aspirational Target vs. Budget	Potential Additional Tuition Revenue	Revenue Utilization Prioritization	Expense Priorities
260,000	267,500	7,500	\$1,175,856	\$600,000 \$575,856	Enrollment Management Initiatives Capital Improvements

UMaine RESIDENCE HALL OCCUPANCY



UMaine UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	271,483	266,669	260,000	(4.2%)	(2.5%)
On-Campus Residents	3,338	3,364	3,322	(0.5%)	(1.2%)
Revenues					
Tuition & Fees	\$116,523	\$118,536	\$119,129	2.2%	0.5%
Dining & Residence	32,862	32,946	33,820	2.9%	2.7%
Less: Waivers/Scholarships	(28,895)	(30,962)	(32,268)	11.7%	4.2%
Net Student Charges Revenue	\$120,490	\$120,520	\$120,681	0.2%	0.1%
State Appropriation	83,135	82,295	82,311	(1.0%)	-
Other Income	48,241	42,778	43,692	(9.4%)	2.1%
Total Net Revenues	\$251,866	\$245,593	\$246,684	(2.1%)	0.4%
Expenses					
Compensation & Benefits	\$142,872	\$146,358	\$149,841	4.9%	2.4%
Fuel & Electricity	11,104	13,505	12,415	11.8%	(8.1%)
Interest Expense	4,507	4,139	3,889	(13.7%)	(6.0%)
Depreciation	14,671	15,432	13,746	(6.3%)	(10.9%)
Other Expenses/Matches/Transfers	72,385	70,828	70,212	(3.0%)	(0.9%)
Total Expenses	\$245,539	\$250,262	\$250,103	1.9%	(0.1%)
Net Increase (Decrease)	\$6,327	(\$4,669)	(\$3,419)		
Cash Flow					
Net Increase (Decrease)	\$6,327	(\$4,669)	(\$3,419)		
Plus Depreciation	14,671	15,432	13,746	(6.3%)	(10.9%)
Less Capital Expenditures	(13,595)	(5,629)	(5,787)	(57.4%)	2.8%
Debt Service Principal	(4,451)	(4,622)	(4,708)	5.8%	1.9%
Net Change in Cash	\$2,952	\$512	(\$168)		
One-Time Tuition Mitigation Reserve Funds	-	-	168		
State Fiscal Stabilization Funds	3,011	-	-		
NET	\$5,963	\$512	\$0		

UMA BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 3.9% more than the FY12 budget and 1.7% less than the FY12 actual.
- No tuition or mandatory fee increases.
- Projecting a decline in headcount but an increase in FTE's as UMA continues to evolve toward a full-fledged baccalaureate institution.
- Designed a “glide path” in FY13 to lead UMA to a financial position going into FY14 that fully recognizes the on-going constraints (i.e., declining appropriation, tuition rate freeze) UMA faces in FY14. During FY13, a range of initiatives will be implemented to hold operating costs to more realistic levels.

Strategic

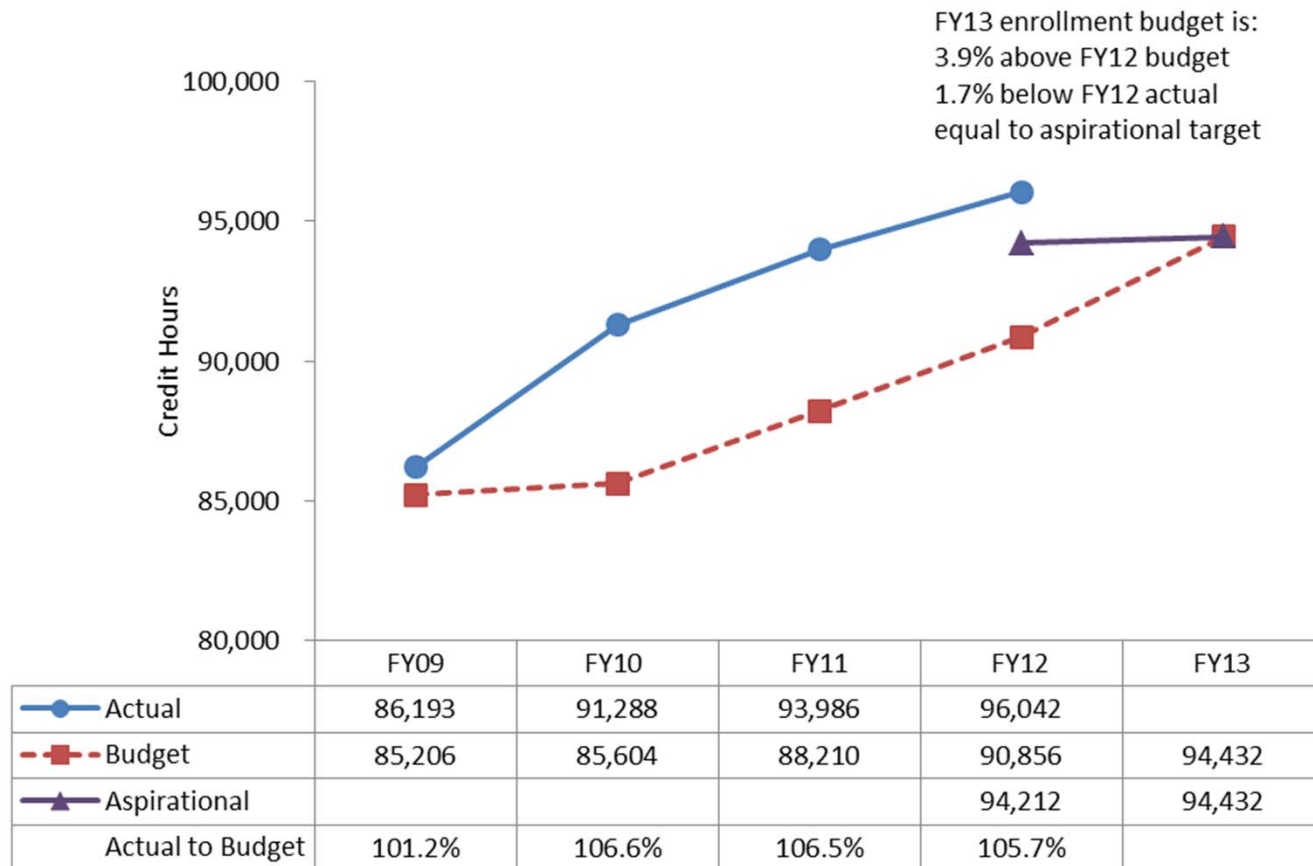
- Launched pilot program aimed at attracting adults in UMA's service areas with some college but who have not completed a degree. Currently implemented in 3 communities. If successful, will expand.
- Continue to aggressively package financial aid per Noel Levitz recommendations. Plan to invest a portion of UMA's FY12 reserves in additional need-based scholarships to better assist our students.
- Continue to implement the ramped-up attrition management effort launched in FY12, which had a considerable impact on retention.
- Schedule new 7 week “jam” courses beginning next fall to attract students who need/want a course but don't have the ability to commit to a regular semester schedule.
- Less reliance on adjunct faculty. Undertaking a detailed, program level analysis of program costs, revenues, degrees conferred, and each program's role in the larger university context.
- Working on achieving accreditation for UMA's Bachelor of Science in Nursing program and preparing for accreditation for new Bachelor of Architecture program, the only public program of its kind in northern New England.
- Continue to develop textbook rental program and engage in the aggressive resale of returned books – both in the store and through the Internet.

UMA BUDGET HIGHLIGHTS

Challenges

- Extreme sensitivity of student population to economic changes including changes in public programs and increasing gasoline prices. More than 75% of UMA's students are Pell-eligible, demonstrating their relatively poor financial status. UMA's fiscal constraints will impact our ability to meet the increasing need for scholarships & waivers. UMA is stretching its enrollment projections to achieve its aspirational goal, however, targets must be achieved to avoid a serious impact on the ability to operate effectively.
- Operating expenses continue to increase in the face of declining revenues—in particular, increases in salaries/wages and the related benefit costs are proving very challenging.
- Rising book prices and increasing competition from online vendors is difficult for brick & mortar bookstores. UMA's forecasts show that the bookstore will reach a critical point within the next 5 years.
- The café operations are an important part of the campus but still require subsidies for operation.

UMA ENROLLMENTS



UMA UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	93,986	90,856	94,432	0.5%	3.9%
On-Campus Residents	-	-	-		
Revenues					
Tuition & Fees	\$24,219	\$23,311	\$24,255	0.1%	4.0%
Dining & Residence	-	-	-		
Less: Waivers/Scholarships	(2,001)	(2,188)	(2,489)	24.4%	13.8%
Net Student Charges Revenue	\$22,218	\$21,123	\$21,766	(2.0%)	3.0%
State Appropriation	13,663	13,525	14,109	3.3%	4.3%
Other Income	2,796	2,334	2,275	(18.6%)	(2.5%)
Total Net Revenues	\$38,677	\$36,982	\$38,150	(1.4%)	3.2%
Expenses					
Compensation & Benefits	\$26,827	\$27,805	\$28,712	7.0%	3.3%
Fuel & Electricity	948	1,079	1,077	13.6%	(0.2%)
Interest Expense	123	80	76	(38.2%)	(5.0%)
Depreciation	1,175	1,192	1,306	11.1%	9.6%
Other Expenses/Matches/Transfers	7,312	7,299	7,486	2.4%	2.6%
Total Expenses	\$36,385	\$37,455	\$38,657	6.2%	3.2%
Net Increase (Decrease)	\$2,292	(\$473)	(\$507)		
Cash Flow					
Net Increase (Decrease)	\$2,292	(\$473)	(\$507)		
Plus Depreciation	1,175	1,192	1,306	11.1%	9.6%
Less Capital Expenditures	(1,969)	(570)	(637)	(67.6%)	11.8%
Debt Service Principal	(161)	(106)	(278)	72.7%	162.3%
Net Change in Cash	\$1,337	\$43	(\$116)		
One-Time Tuition Mitigation Reserve Funds	-	-	300		
State Fiscal Stabilization Funds	506	-	-		
ADJUSTED NET CHANGE	\$1,843	\$43	\$184		

UMF BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 2.2% more than the FY12 budget and 0.3% less than FY12 actual.
- No tuition or mandatory fee increases; room and board increase = 3.5%.
- Developing a summer teaching faculty program with partners from China.
- Pursuing enrollment of full-paying students from China at the NEBHE rate.
- Continuing to increase reserves towards desired threshold as outlined by KPMG; however, concerned that deferred maintenance needs will erode any gains made.
- Exploring a pilot performance contract for energy conservation renovations of a major residence hall.

Strategic

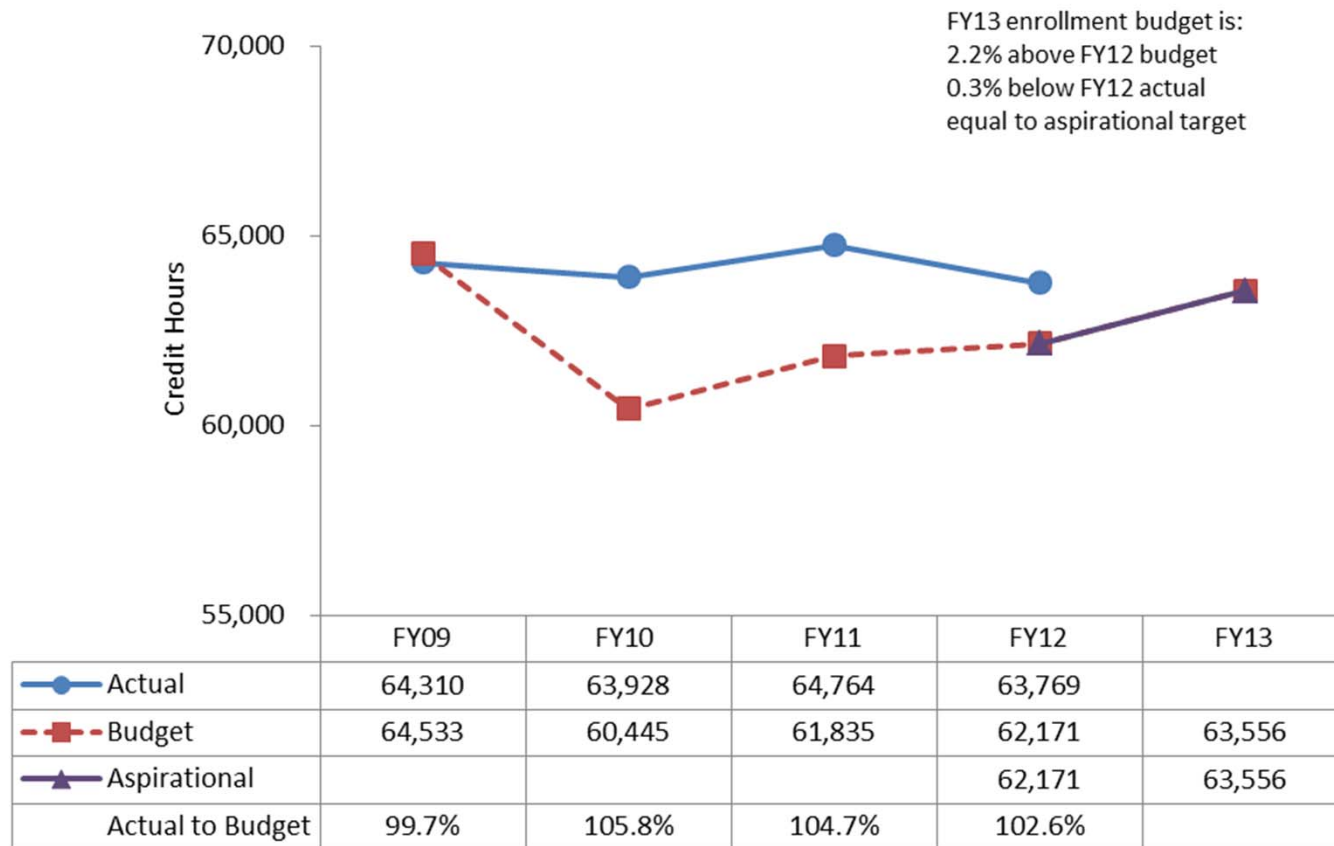
- Implementation of Milestones strategy for releasing budget allocations in FY13.
- All work and decisions are driven by the mission.
- Energy reduction investments are continuously being made to address rising oil prices.
- Campus financial planning is focused long term.
- Develop an exchange program with China – based on recent trip to China, President Kalikow reports great interest in developing three exchange programs with Chinese schools.
- Experimenting with newly structured meal plans to appeal to more students; considering utilizing a chef from Hangzhou Normal University to support food service for Asian population.
- Developing a next iteration of Strategic and Capital Plans.

UMF BUDGET HIGHLIGHTS

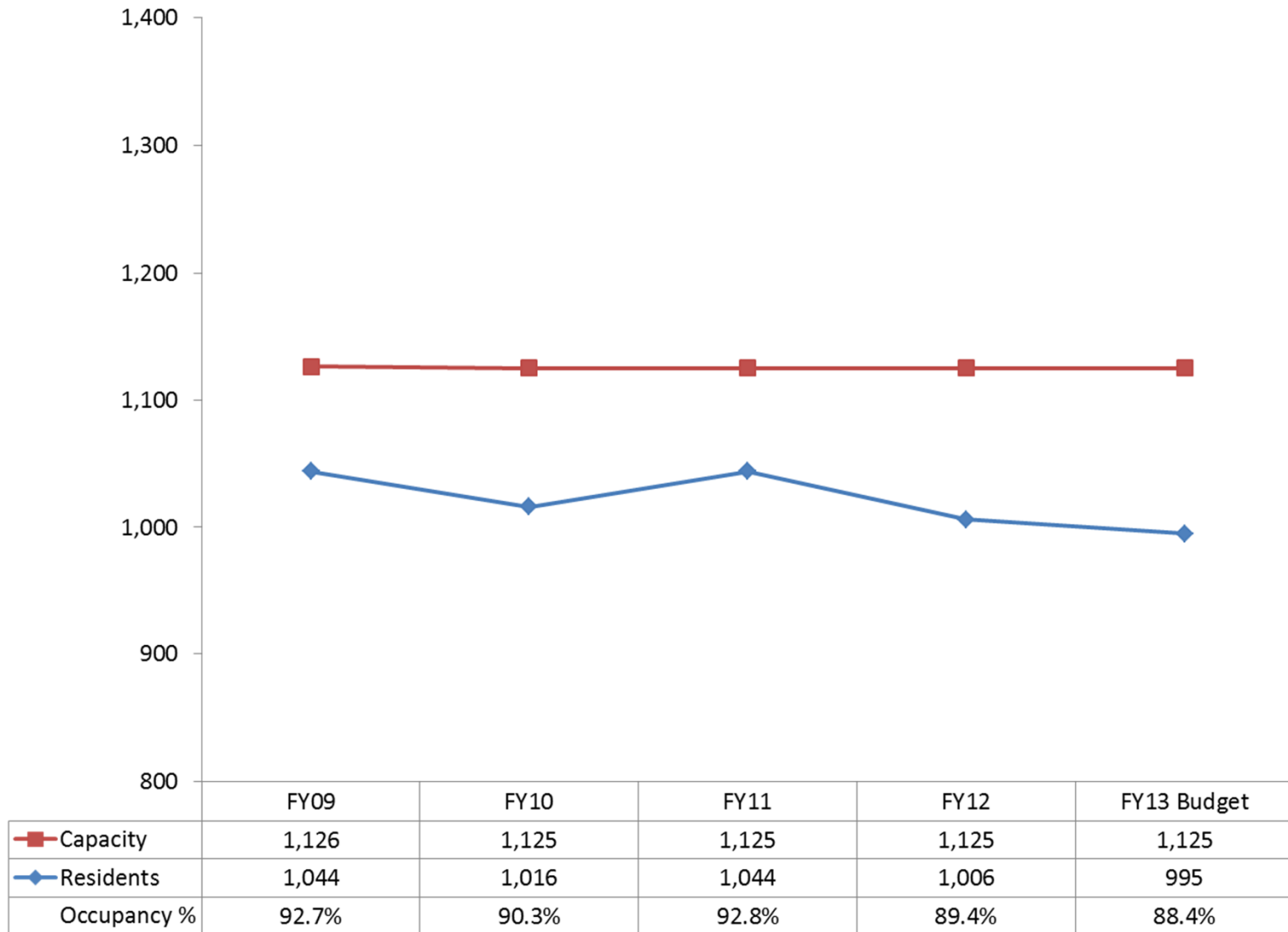
Challenges

- Meeting the Enrollment Management Plan targets.
- Decreasing State appropriation.
- Developing cultural programming options for students from China.
- Long term major renovations and improvements; reducing energy consumption.

UMF ENROLLMENTS



UMF RESIDENCE HALL OCCUPANCY



UMF UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	64,764	62,171	63,556	(1.9%)	2.2%
On-Campus Residents	1,044	1,100	995	(4.7%)	(9.5%)
Revenues					
Tuition & Fees	\$20,945	\$20,966	\$21,428	2.3%	2.2%
Dining & Residence	8,607	8,977	9,011	4.7%	0.4%
Less: Waivers/Scholarships	(3,273)	(2,760)	(2,760)	(15.7%)	-
Net Student Charges Revenue	\$26,279	\$27,183	\$27,679	5.3%	1.8%
State Appropriation	10,227	10,124	10,307	0.8%	1.8%
Other Income	2,315	2,035	1,926	(16.8%)	(5.4%)
Total Net Revenues	\$38,821	\$39,342	\$39,912	2.8%	1.4%
Expenses					
Compensation & Benefits	\$25,701	\$26,406	\$26,460	3.0%	0.2%
Fuel & Electricity	1,778	2,377	2,585	45.4%	8.8%
Interest Expense	443	384	354	(20.1%)	(7.8%)
Depreciation	1,469	1,490	1,677	14.2%	12.6%
Other Expenses/Matches/Transfers	8,587	8,042	8,432	(1.8%)	4.8%
Total Expenses	\$37,978	\$38,699	\$39,508	4.0%	2.1%
Net Increase (Decrease)	\$843	\$643	\$404		
Cash Flow					
Net Increase (Decrease)	\$843	\$643	\$404		
Plus Depreciation	1,469	1,490	1,677	14.2%	12.6%
Less Capital Expenditures	(1,002)	(1,671)	(1,772)	76.8%	6.0%
Debt Service Principal	(385)	(382)	(369)	(4.2%)	(3.4%)
Net Change in Cash	\$925	\$80	(\$60)		
One-Time Tuition Mitigation Reserve Funds	-	-	101		
State Fiscal Stabilization Funds	616	-	-		
ADJUSTED NET CHANGE	\$1,541	\$80	\$41		

UMFK BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 0.7% more than the FY12 budget and 0.8% more than the FY12 actual.
- No tuition or mandatory fee increases; room and board increase = 2.0%
- Impact of compensation increases due to job reclassifications and transitioning positions that were originally funded with Strategic Investment Funds to the FY13 E&G operating budget as planned.
- Need to increase the retention from fall to spring semesters in the residence halls to achieve economies of scale.

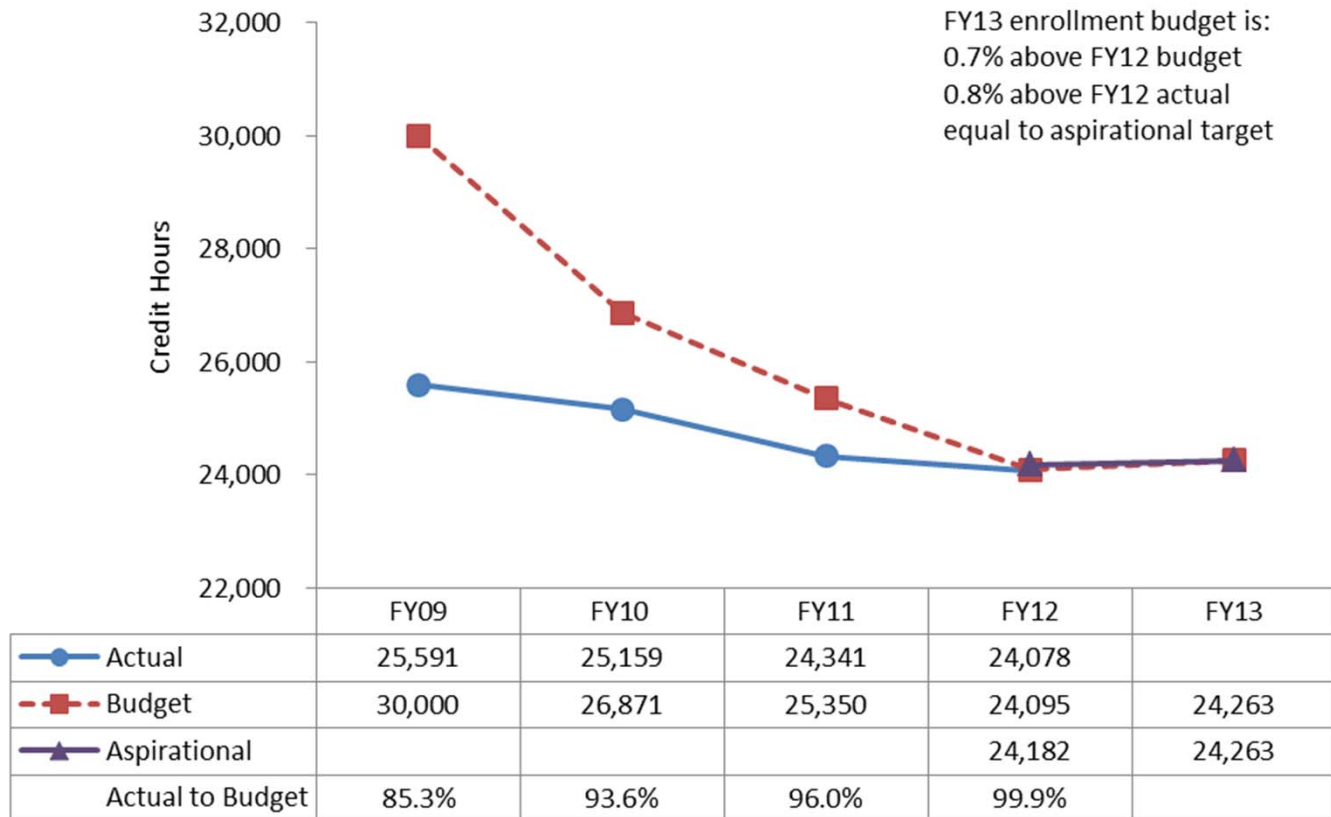
Strategic

- Implement a more enhanced merit based financial aid package as part of a 2nd year roll out as recommended by Noel Levitz.
- Fully engaged in increasing online offerings and support.
- Offering additional 8 week sessions to increase entry points and accommodate the non-traditional online student.
- Implementing block tuition to encourage more students to graduate on time and to reduce cost.
- Converting to biomass systems to lower heating costs.
- Increased on-campus living incentives and plans for improvements to Crocker Hall to increase retention in the residence halls.

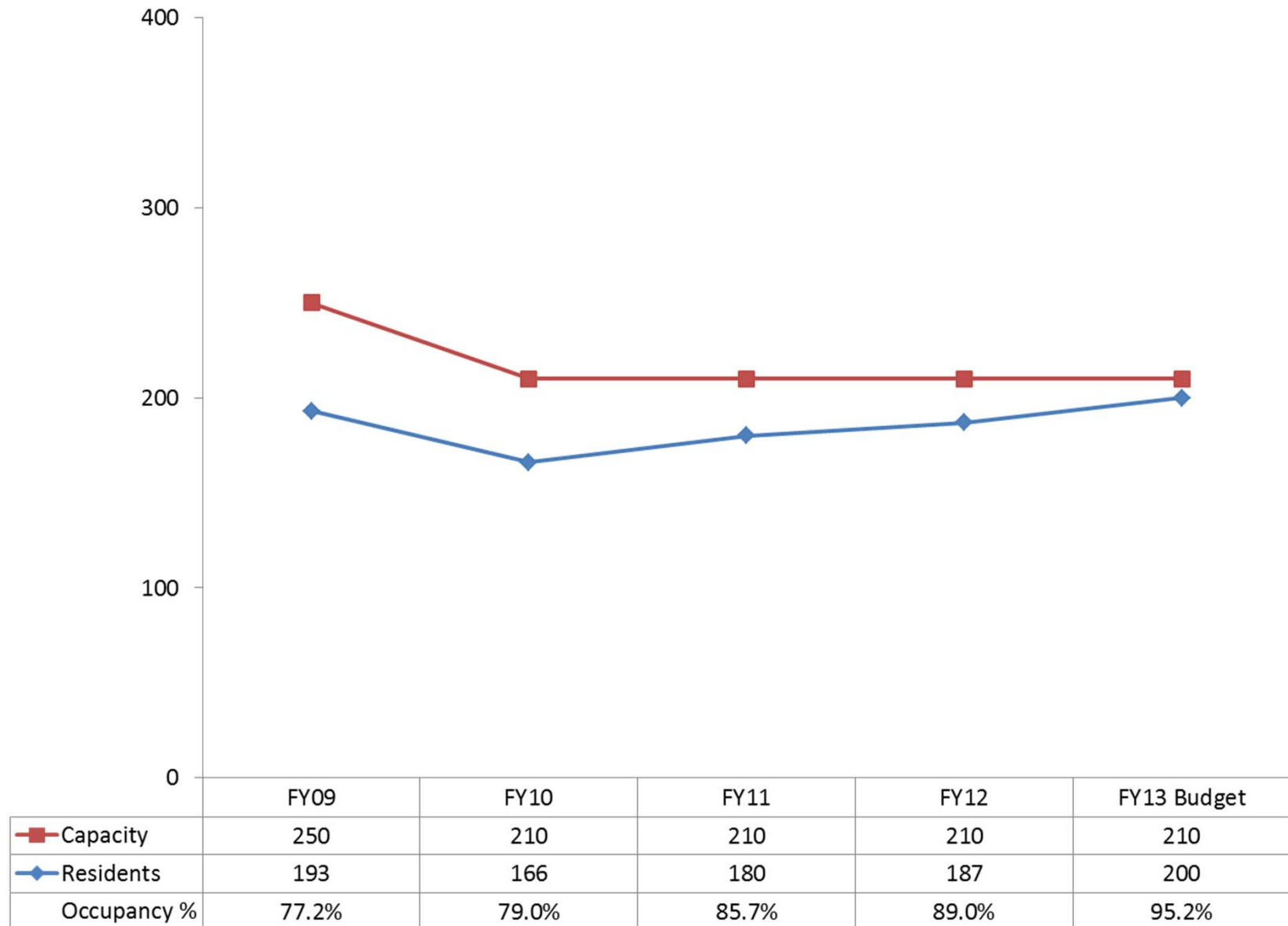
Challenges

- Minimizing tuition and fee increases to protect access, while maintaining the quality of faculty and academic programs.
- Absorbing increased costs each year while State funding is being reduced.
- Deferred maintenance continues to be a concern as demonstrated by the Sightlines report.
- Staffing shortages in many areas are a constant challenge.

UMFK ENROLLMENTS



UMFK RESIDENCE HALL OCCUPANCY



UMFK UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	24,341	24,095	24,263	(0.3%)	0.7%
On-Campus Residents	180	200	200	11.1%	-
Revenues					
Tuition & Fees	\$6,789	\$6,974	\$6,858	1.0%	(1.7%)
Dining & Residence	1,333	1,405	1,415	6.2%	0.7%
Less: Waivers/Scholarships	(896)	(934)	(1,005)	12.2%	7.6%
Net Student Charges Revenue	\$7,226	\$7,445	\$7,268	0.6%	(2.4%)
State Appropriation	4,257	4,215	4,320	1.5%	2.5%
Other Income	805	365	316	(60.7%)	(13.4%)
Total Net Revenues	\$12,288	\$12,025	\$11,904	(3.1%)	(1.0%)
Expenses					
Compensation & Benefits	\$8,549	\$8,265	\$8,749	2.3%	5.9%
Fuel & Electricity	663	761	692	4.4%	(9.1%)
Interest Expense	300	290	282	(6.0%)	(2.8%)
Depreciation	525	550	547	4.2%	(0.5%)
Other Expenses/Matches/Transfers	2,724	2,434	1,942	(28.7%)	(20.2%)
Total Expenses	\$12,761	\$12,300	\$12,212	(4.3%)	(0.7%)
Net Increase (Decrease)	(\$473)	(\$275)	(\$308)		
Cash Flow					
Net Increase (Decrease)	(\$473)	(\$275)	(\$308)		
Plus Depreciation	525	550	547	4.2%	(0.5%)
Less Capital Expenditures	(37)	0	0	(100.0%)	
Debt Service Principal	(253)	(259)	(294)	16.2%	13.5%
Net Change in Cash	(\$238)	\$16	(\$55)		
One-Time Tuition Mitigation Reserve Funds	-	-	56		
State Fiscal Stabilization Funds	238	-	-		
ADJUSTED NET CHANGE	\$0	\$16	\$1		

UMM BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 0.3% less than the FY12 budget and 3.0% more than the FY12 actual.
- No tuition or mandatory fee increases; room and board increase = 3.3%.
- Improvement in recruitment and retention reflected by a 3% budgeted increase in enrollment and more students residing on campus.
- Adding campus fees for web courses, student union, green campus, and expanded orientation.
- Implementing Noel Levitz net revenue improvement strategies in financial aid packaging.
- Reducing operating budgets; reducing staffing; capturing vacancy and turnover savings.
- Realizing saving from energy efficiency improvements.

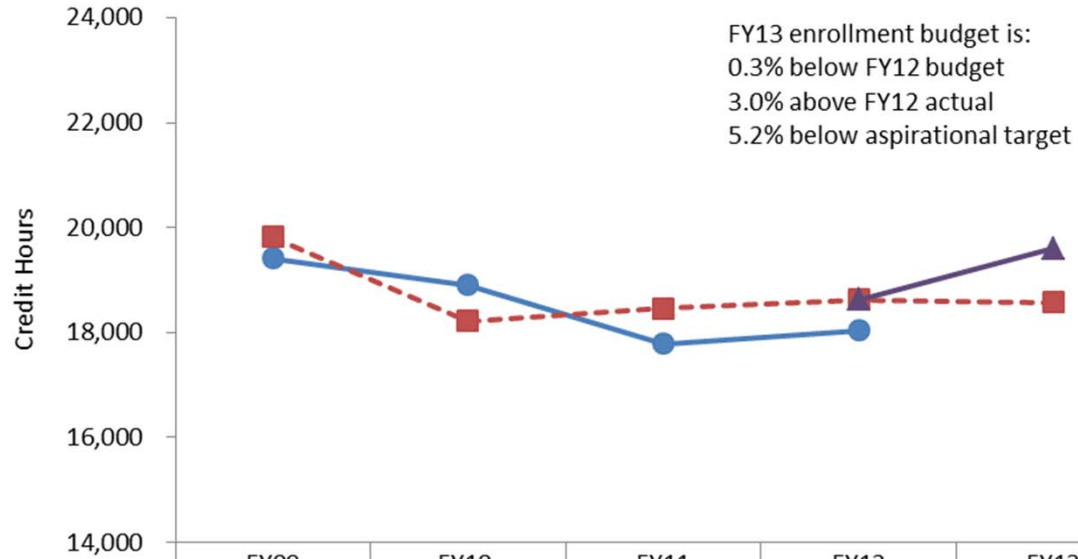
Strategic

- Continue to grow full-time matriculated students.
- Increase enrollments in transfer, online programs, and out-of-state students.
- Implement academic course/program offerings tailored to working adults and economic development.
- Continue retention initiatives through the advising center, expanded orientation, and first year seminars as well as others.
- Continue strategic shift in curriculum to full implementation of Environmental Liberal Arts focus.
- Implement strategic shift in curriculum and faculty development.
- Analyze and refine financial aid packaging to improve net tuition revenue.
- Continue successful efforts to improve energy efficiency.
- Participate in system-wide international student programs.

Challenges

- Loss of State funding while in-state tuition rate unchanged.
- Identifying funding for a growing backlog of maintenance.
- Expanding student market while New England high school graduates decline.
- Increase residence hall occupancy.

UMM ENROLLMENTS

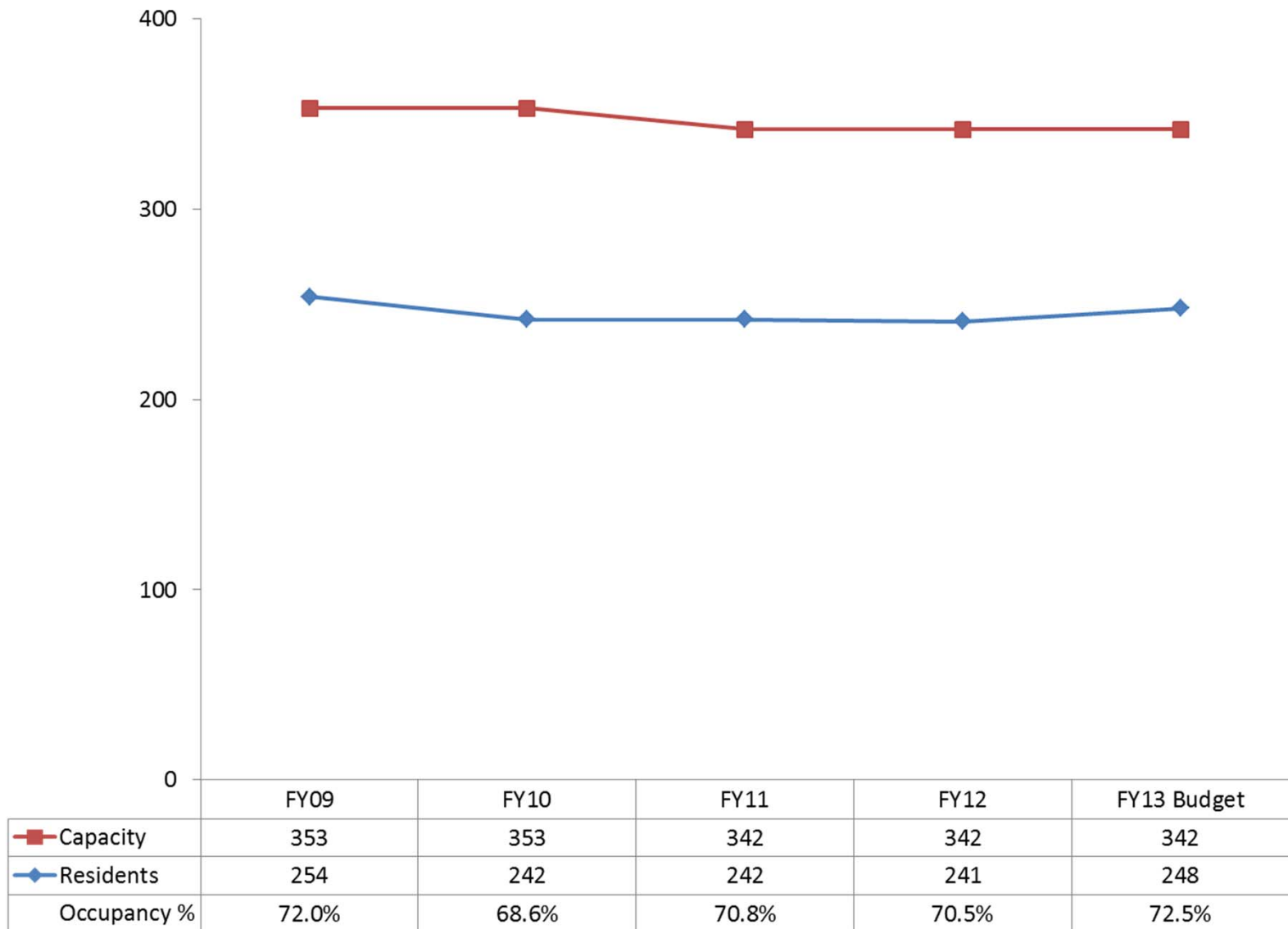


	FY09	FY10	FY11	FY12	FY13
Actual	19,417	18,905	17,790	18,038	
Budget	19,827	18,220	18,457	18,630	18,579
Aspirational				18,630	19,599
Actual to Budget	97.9%	103.8%	96.4%	96.8%	

FY12 Budget	FY12 Aspirational Target	FY12 Actual	Actual vs. Budget	Actual vs. Aspirational
18,630	18,630	18,038	(592)	(592)

FY13 Budget	Original FY13 Aspirational Target	Aspirational Target vs. Budget	Potential Additional Tuition Revenue	Revenue Utilization Priority
18,579	19,599	1,020	\$220,000	Capital Improvements

UMM RESIDENCE HALL OCCUPANCY



UMM UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	17,790	18,630	18,579	4.4%	(0.3%)
On-Campus Residents	242	268	248	2.5%	(7.5%)
<u>Revenues</u>					
Tuition & Fees	\$5,322	\$5,804	\$5,881	10.5%	1.3%
Dining & Residence	1,914	2,165	2,063	7.8%	(4.7%)
Less: Waivers/Scholarships	(1,568)	(1,740)	(1,865)	18.9%	7.2%
Net Student Charges Revenue	\$5,668	\$6,229	\$6,079	7.3%	(2.4%)
State Appropriation	4,286	4,243	4,286	-	1.0%
Other Income	529	558	509	(3.8%)	(8.8%)
Total Net Revenues	\$10,483	\$11,030	\$10,874	3.7%	(1.4%)
<u>Expenses</u>					
Compensation & Benefits	\$6,705	\$6,963	\$7,014	4.6%	0.7%
Fuel & Electricity	686	787	787	14.7%	-
Interest Expense	216	153	133	(38.4%)	(13.1%)
Depreciation	568	574	550	(3.2%)	(4.2%)
Other Expenses/Matches/Transfers	2,790	2,685	2,730	(2.2%)	1.7%
Total Expenses	\$10,965	\$11,162	\$11,214	2.3%	0.5%
Net Increase (Decrease)	(\$482)	(\$132)	(\$340)		
<u>Cash Flow</u>					
Net Increase (Decrease)	(\$482)	(\$132)	(\$340)		
Plus Depreciation	568	574	550	(3.2%)	(4.2%)
Less Capital Expenditures	(55)	(246)	(57)	3.6%	(76.8%)
Debt Service Principal	(170)	(196)	(178)	4.7%	(9.2%)
Net Change in Cash	(\$139)	\$0	(\$25)		
One-Time Tuition Mitigation Reserve Funds	-	-	25		
State Fiscal Stabilization Funds	180	-	-		
ADJUSTED NET CHANGE	\$41	\$0	\$0		

UMPI BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 0.6% more than the FY12 budget and 5.3% less than the FY12 actual.
- No tuition or mandatory fee increases; room and board increase = 3.5%.
- Projecting an increase in out-of-state credit hours and a decrease in the Canadian Certification Program.
- Investigating the use of compressed gas to reduce reliance on fuel oil and reduce cost.
- Continuing steady retention of students residing on-campus.

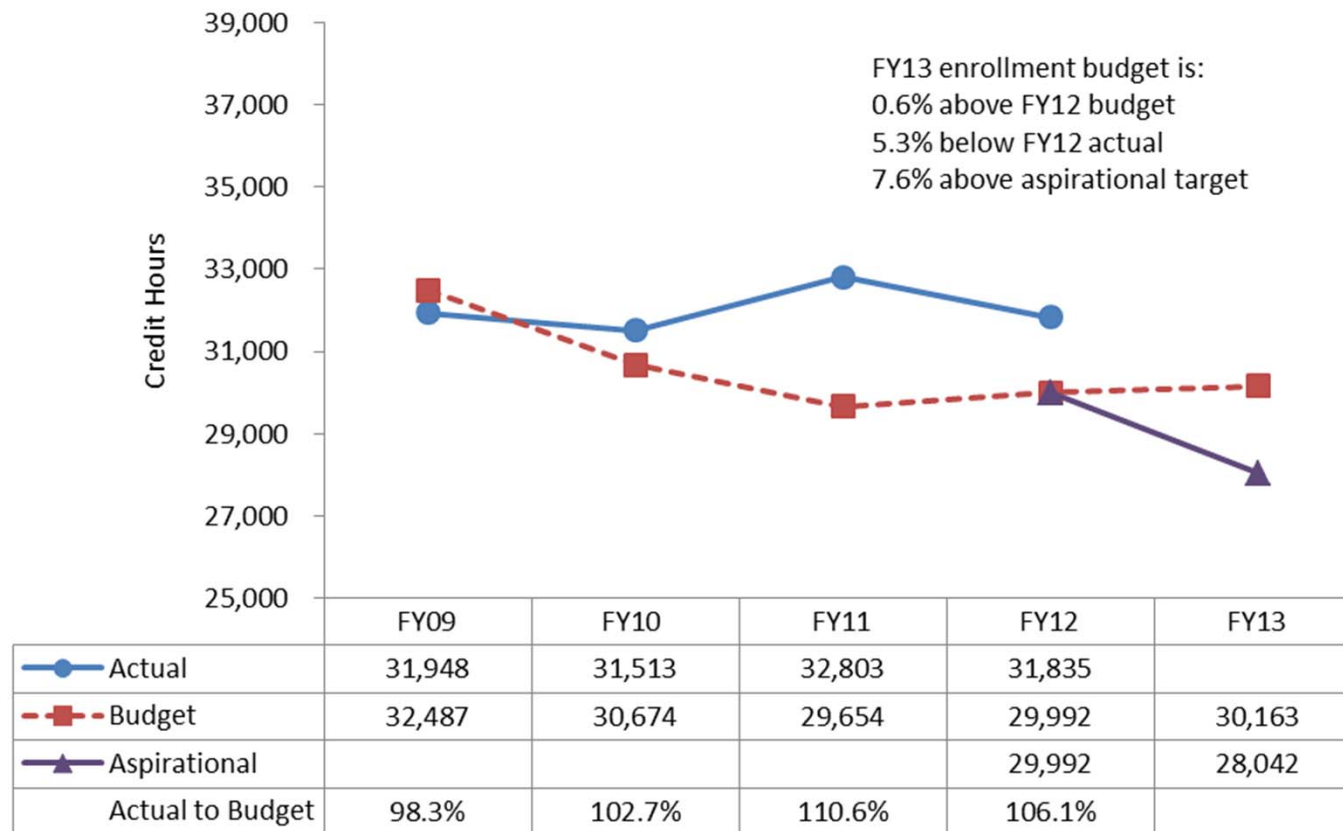
Strategic

- Review and continued implementation of Noel Levitz recommendations.
- Increase the visibility of the Prometric Test Center.
- Continue to increase online teaching above 20%.
- Continue revitalizing associate programs including development of the Physical Education Program to fit our teaching capabilities.
- Complete the Physical Therapy Assistant Program accreditation process and increase marketing opportunities.
- Increase enrollment opportunities with the Bohua Group in China.
- Continue work with the Thailand Lertlah Group to market the Teacher Certification Program.
- Solicit input from students on how to improve the campus life experience.

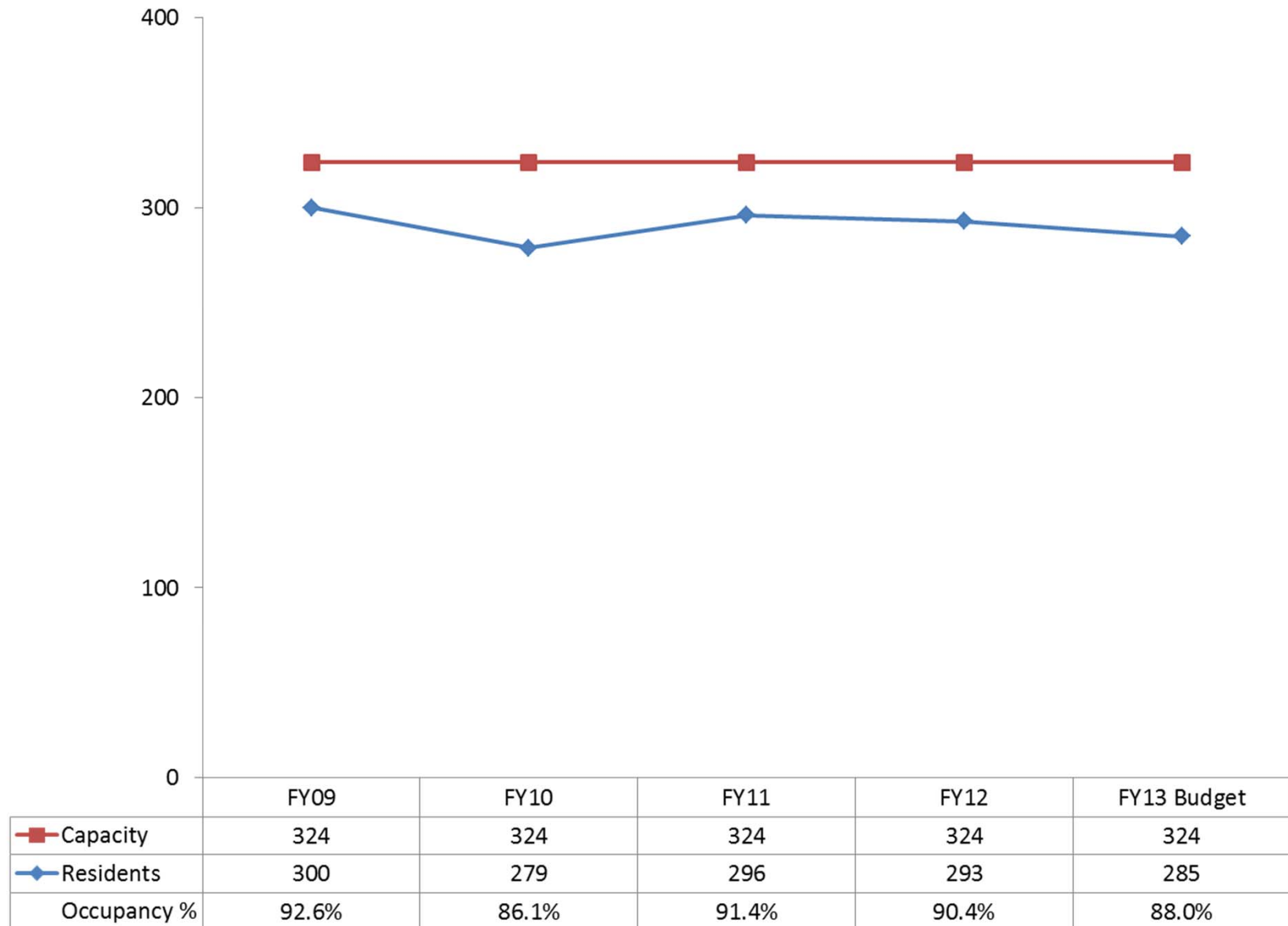
Challenges

- Funding depreciation requirement; continue present level of maintenance to avoid increased deferred maintenance; identify a steady funding source to implement the Capital Plan.
- Evaluation of workforce to meet the mission of the institution and all program requirements.
- Cost of athletics – participating in the NCAA Division III and being accepted into conferences within this region.
- Rising cost of services to provide safe, clean, and comfortable student housing.

UMPI ENROLLMENTS



UMPI RESIDENCE HALL OCCUPANCY



UMPI UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	32,803	29,992	30,163	(8.0%)	0.6%
On-Campus Residents	296	285	285	(3.7%)	-
<u>Revenues</u>					
Tuition & Fees	\$8,555	\$8,033	\$8,001	(6.5%)	(0.4%)
Dining & Residence	2,125	2,007	2,089	(1.7%)	4.1%
Less: Waivers/Scholarships	(1,233)	(1,288)	(1,250)	1.4%	(3.0%)
Net Student Charges Revenue	\$9,447	\$8,752	\$8,840	(6.4%)	1.0%
State Appropriation	6,341	6,277	6,353	0.2%	1.2%
Other Income	1,388	797	786	(43.4%)	(1.4%)
Total Net Revenues	\$17,176	\$15,826	\$15,979	(7.0%)	1.0%
<u>Expenses</u>					
Compensation & Benefits	\$11,263	\$11,165	\$11,199	(0.6%)	0.3%
Fuel & Electricity	990	1,169	1,209	22.1%	3.4%
Interest Expense	81	78	76	(6.2%)	(2.6%)
Depreciation	762	790	756	(0.8%)	(4.3%)
Other Expenses/Matches/Transfers	3,876	3,203	3,277	(15.5%)	2.3%
Total Expenses	\$16,972	\$16,405	\$16,517	(2.7%)	0.7%
Net Increase (Decrease)	\$204	(\$579)	(\$538)		
<u>Cash Flow</u>					
Net Increase (Decrease)	\$204	(\$579)	(\$538)		
Plus Depreciation	762	790	756	(0.8%)	(4.3%)
Less Capital Expenditures	(726)	(157)	(136)	(81.3%)	(13.4%)
Debt Service Principal	(49)	(54)	(54)	10.2%	-
Net Change in Cash	\$191	\$0	\$28		
One-Time Tuition Mitigation Reserve Funds	-	-	44		
State Fiscal Stabilization Funds	479	-	-		
ADJUSTED NET CHANGE	\$670	\$0	\$72		

USM BUDGET HIGHLIGHTS

Financial

- FY13 budgeted credit hours are 1.9% less than the FY12 budget and 1.5% more than the FY12 actual.
- No tuition or mandatory fee increases for undergraduates or graduates; law tuition increase = 2.5%; room and board decrease = 5.7%.
- Increasing financial aid for undergraduates (\$1.0M), graduates (\$130,000), and law students (3%).
- Reducing indirect cost recovery income by \$200,000 due to the State of Maine DHHS planned reduction in grant and contract spending.
- Utilizing scholarship programs to create incentives for students to live on-campus.
- Planning capital investments in residence and dining facilities.
- Increasing the Transportation Fee charged students attending classes on the Portland and/or Gorham campus for the first time in four years. This is necessary to offset the anticipated 12.5% increase in the cost of the inter-campus bus service.

Strategic

- Adopted financial aid strategy recommended by Noel Levitz to increase net tuition revenue by increasing both the number of out-of-state students and highly qualified Maine high school graduates enrolling at USM.
- Improving the learning and living experience on the Gorham campus by increasing the number of courses offered, improving classrooms, and making faculty offices more available.
- Increasing the number of on-line degree programs and developing and promoting “completion degrees” that allow students with an associate degree or other earned college credits to attain a bachelor’s degree.
- Continuing to make progress toward the goal of offering 20% of USM’s courses on-line.

USM BUDGET HIGHLIGHTS

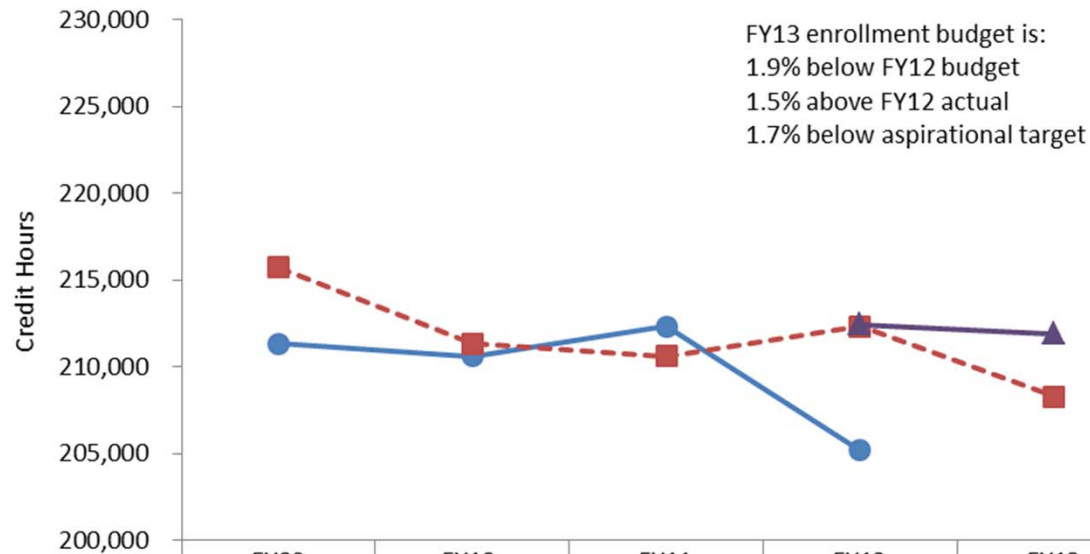
Strategic *(continued)*

- Developing new academic programs, such as the recently approved tourism and hospitality program, to prepare students for entry into Maine's economy. "3+2" programs, allowing students to complete a bachelor's degree and seamlessly transition to a master's program, are under development.
- Expanding international student recruitment by building on recently completed articulation agreements with select Chinese universities. This will both internationalize the educational experience at USM and provide additional tuition revenue.
- Creating new marketing initiatives to make on-campus residence halls more attractive. Classrooms and faculty offices are being incorporated into residence halls to improve student retention and satisfaction with the learning and living environment.
- Exploring opportunities to enhance revenue generated through residence halls and dining services by increasing off-academic year revenues from conferences, camps, summer session and other business opportunities.

Challenges

- Increasing competition among other institutions of higher education for students from southern Maine. Maine and New England demographics result in more competition for a declining number of high school graduates.
- Maintaining affordability, continuing to achieve excellence in academic programs, and adequately supporting scholarship/research while State support declines.
- Reinvesting in the physical plant to provide the infrastructure needed to meet educational, research, and public service needs now and in the future.
- Providing affordable residential and dining facilities while increasing financial aid.

USM ENROLLMENTS

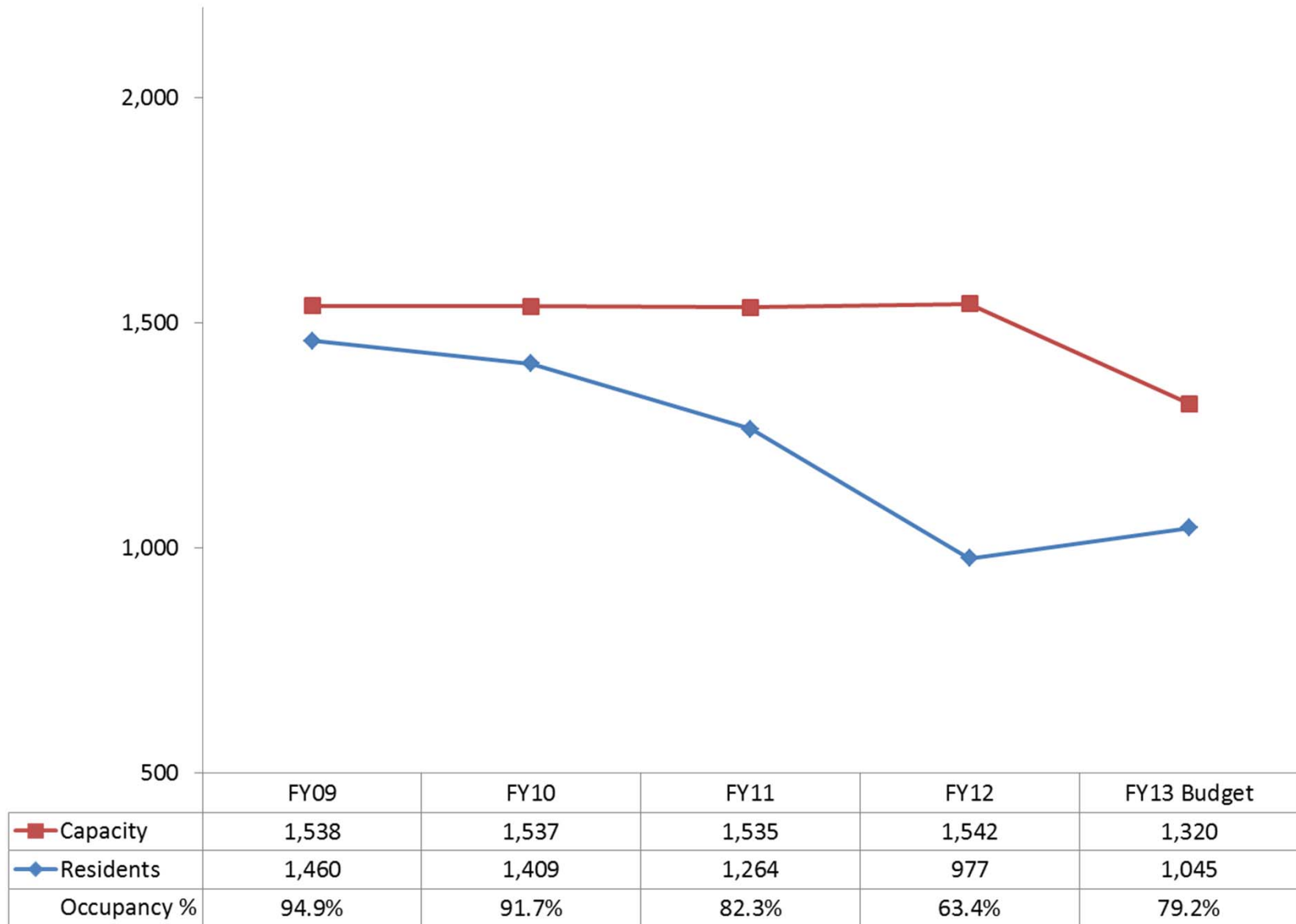


	FY09	FY10	FY11	FY12	FY13
Actual	211,331	210,603	212,325	205,181	
Budget	215,726	211,331	210,604	212,325	208,280
Aspirational				212,440	211,891
Actual to Budget	98.0%	99.7%	100.8%	96.6%	

FY12 Budget	FY12 Aspirational Target	FY12 Actual	Actual vs. Budget	Actual vs. Aspirational
212,325	212,440	205,181	(7,144)	(7,259)

FY13 Budget	Original FY13 Aspirational Target	Aspirational Target vs. Budget	Potential Additional Tuition Revenue	Revenue Utilization Prioritization	Expense Priorities
208,280	211,891	3,611	\$913,584	\$548,150 \$182,717 \$182,717	Instruction & Academic Support Student Support Technology & Facilities Improvements

USM RESIDENCE HALL OCCUPANCY



USM UNRESTRICTED OPERATIONS

	(\$ 000's)			FY13 BUDGET TO:	
	FY11 ACTUAL	FY12 BUDGET	FY13 BUDGET	FY11 ACTUALS	FY12 BUDGET
Annual Cr. Hr. Enrollment	212,325	212,325	208,280	(1.9%)	(1.9%)
On-Campus Residents	1,264	1,274	1,045	(17.3%)	(18.0%)
<u>Revenues</u>					
Tuition & Fees	\$79,807	\$80,854	\$80,212	0.5%	(0.8%)
Dining & Residence	12,658	13,137	11,033	(12.8%)	(16.0%)
Less: Waivers/Scholarships	(7,533)	(7,428)	(8,729)	15.9%	17.5%
Net Student Charges Revenue	\$84,932	\$86,563	\$82,516	(2.8%)	(4.7%)
State Appropriation	41,243	40,831	41,351	0.3%	1.3%
Other Income	17,235	14,323	14,234	(17.4%)	(0.6%)
Total Net Revenues	\$143,410	\$141,717	\$138,101	(3.7%)	(2.6%)
<u>Expenses</u>					
Compensation & Benefits	\$95,948	\$102,260	\$102,942	7.3%	0.7%
Fuel & Electricity	3,343	4,530	3,721	11.3%	(17.9%)
Interest Expense	3,159	2,870	2,705	(14.4%)	(5.7%)
Depreciation	5,918	6,129	6,214	5.0%	1.4%
Other Expenses/Matches/Transfers	27,235	27,522	24,507	(10.0%)	(11.0%)
Total Expenses	\$135,603	\$143,311	\$140,089	3.3%	(2.2%)
Net Increase (Decrease)	\$7,807	(\$1,594)	(\$1,988)		
<u>Cash Flow</u>					
Net Increase (Decrease)	\$7,807	(\$1,594)	(\$1,988)		
Plus Depreciation	5,918	6,129	6,214	5.0%	1.4%
Less Capital Expenditures	(9,235)	(1,776)	(1,773)	(80.8%)	(0.2%)
Debt Service Principal	(2,469)	(2,664)	(2,687)	8.8%	0.9%
Net Change in Cash	\$2,021	\$95	(\$234)		
One-Time Tuition Mitigation Reserve Funds	-	-	317		
State Fiscal Stabilization Funds	1,511	-	-		
ADJUSTED NET CHANGE	\$3,532	\$95	\$83		